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Russia's Government Prepares New KPI for SEO Managers

By bne IntelliNews

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The Russian government has prepared new Key Productivity Indicators (KPI) for top managers of State Owned Enterprises (SEOs) for the next three years. **bne IntelliNews**

Russia's government has prepared new Key Productivity Indicators (KPI) for top managers of State Owned Enterprises (SEOs) for the next three years, the Vedomosti business daily reported on July 2, citing a decree signed by the Prime Minister Dmitry Medvedev.

While most of the old KPIs remain the same and target financial indicators and leverage, the changes seek tougher control over the implementation of the so-called May Decrees of President Vladimir Putin. Reportedly, now the SEO managers risk their bonuses if certain goals of the decrees are not achieved.

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As reported by bne IntelliNews, so far Putin's plan to revitalize the economy with 12 National Projects is off to a very slow start. A recent audit by the State Duma committee concluded that over half of the national projects and adjacent programs are executed at less than 20 percent.

The KPI was first introduced in 2014 and applies to over 80 percent of the companies, but has not been adopted by 43 out of 540 SEOs targeted.

The new KPIs relate to the spending include investment to cash flow ratios. The Kremlin hopes to boost investment to 25 percent of GDP by 2024, in a largely consumption driven-economy that started to balloon consumer credits amid falling incomes.

Other new control metrics for SEO managers reportedly include the increase of competitive procurement, cutting non-profile assets, and industry-specific indicators. The monitoring and enforcement of the KPI will be entrusted to the Audit Chamber, headed by ex-Finance Minister Alexei Kudrin.

After an appointment of heavyweight policymaker Kudrin in 2018, the Chamber has demanded a broader mandate to fight corruption, position itself as the know-how center and the go-to anti-corruption institution, but so far the institution did not make any visible impact on management of state investment and resources.

Analysts surveyed by *Vedomosti* believe that KPI calculation methodology remains unclear, and lacks clear government-defined strategic goals and mandate for SEOs, as recommended by OECD. Sometimes the government itself can drag on achieving certain KPIs, for example, though delayed tariff indexation or passing social and infrastructural obligations on to state companies.

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